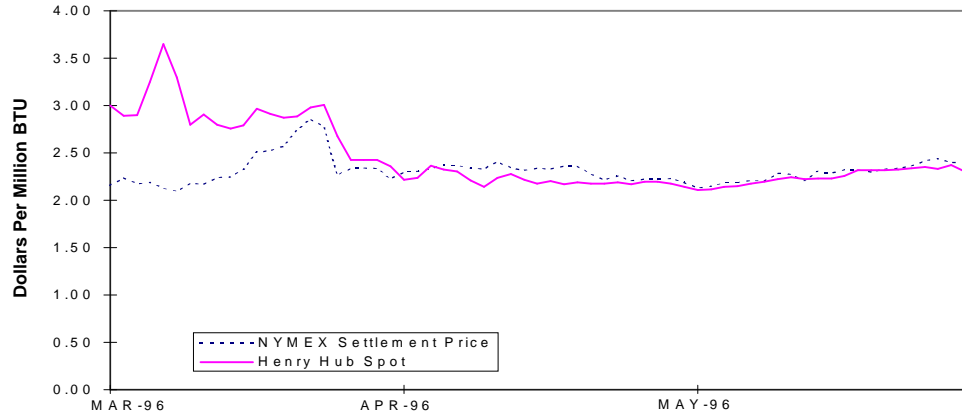


NYMEX Price Futures vs Henry Hub Spot Price

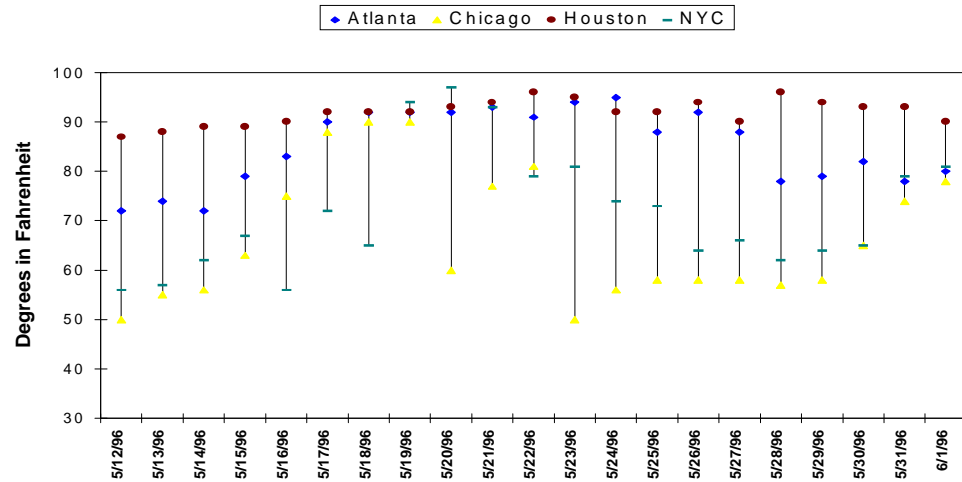
HENRY HUB PRICE		
CASH	FUTURES	
June	July	
Del	Del	
(\$ per MMBtu)		
5/27	closed	closed
5/28	2.33-2.37	2.418
5/29	2.32-2.35	2.442
5/30	2.35-2.39	2.396
5/31	2.30-2.31	2.406



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
5/26	70	69	1
5/27	69	69	0
5/28	68	70	-2
5/29	67	70	-3
5/30	66	71	-5
5/31	69	71	-2
6/01	71	71	0

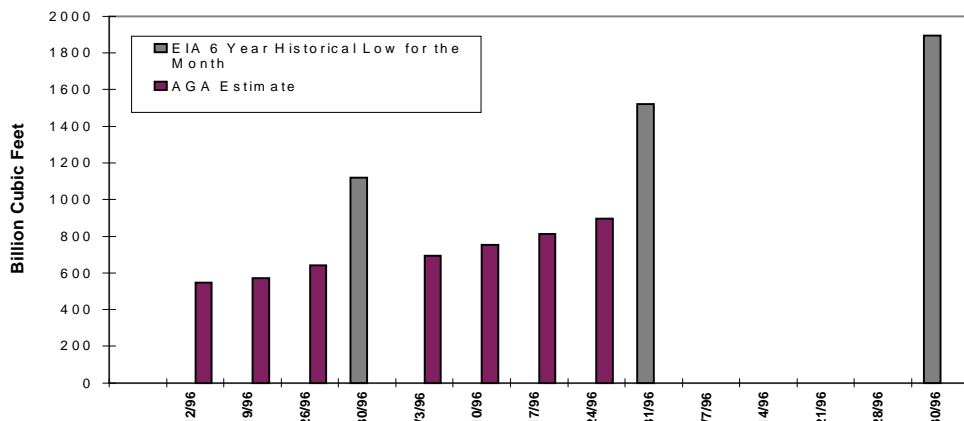
High Temperature for Four Selected Cities



Working Gas Volume as of 5/24/96		
	BCF	% Full
EAST	408	23
WEST	261	54
Prod Area	227	25
U. S.	896	28

Source: AGA

Working Gas In Storage



High temperatures and price increases near the beginning of the week were followed by cooler than average weather over most of the East last week. For the four cities in our limited weather survey, only Houston was recording temperatures above 90 degrees by week's end and prices on the spot market declined. The level of working gas in storage continues to be at a record low as refill activity continues at a lack-luster rate. Both spot and futures prices are at unseasonably high levels as many in the industry appear to be waiting for some sign of a moderating downward trend. This moderating trend could occur if the recent high level of drilling activity results in large supply increases. Yet such events as the shutdown of three nuclear facilities in Connecticut may put unanticipated pressure on natural gas supply and transportation resources into southern New England and could influence prices throughout the East.

Utility Shut Down: Three nuclear electrical generating sites in Connecticut, which are estimated to provide almost 50 percent of the state's electricity, have been closed by the Nuclear Regulatory Commission (NRC) for violation of both equipment and operational regulations. The sites, known as the Millstone facility, total over 2,600 Megawatts and are expected to be down for several months. Several approaches to avoiding power shortages in July and August have been mentioned: purchasing power from other states (New York, New Jersey, Pennsylvania, etc.), reactivating retired conventional generating units, and installing gas-turbine generating equipment on a temporary basis. All three approaches could require increased natural gas supply. The state's largest power company, Northeast Utilities, has already acquired four new natural gas turbine generators capable of producing 160 Megawatts and hopes to have them in operation by mid-June. Increased gas consumption by these units could become a factor in the industry's effort to refill depleted storage sites in the region. Based on EIA data, these sites had only 350 Bcf, or less than 20 percent, of working gas still available in storage at the end of the heating season (March 31).

Storage: For the week ending May 24, 1996, the American Gas Association (AGA) estimated that 83 Bcf was added to working gas storage levels. This was the highest one-week estimate since the refill process began in mid-April, and it raises the total to 896 Bcf. As in the previous weeks, a majority of the injections (70 percent or 59 Bcf) are going into storage sites located in the East consuming region, which saw much of its working gas withdrawn during this year's long winter. Based on EIA's storage data for the past 6 years, the lowest working gas level at the end of May was over 1,500 Bcf while the average level was more than 1,800 Bcf. Using AGA's estimates, it appears likely that the level of working gas in storage at the end of May will be below 1,000 Bcf. According to EIA's 6-year data, the highest weekly net injection rate for May is estimated to be about 100 Bcf, based on uniformly distributing the May 1993 total of 426 Bcf. The low level of working gas in storage coupled with only a moderate rate of refill volumes thus far, continues to be a prime concern in the natural gas market.

Spot Prices: The Gas Daily Henry Hub spot price monthly index for June delivery at \$2.38 per MMBtu was above the index for May delivery by \$0.16 per MMBtu. The May index price was \$2.22 per MMBtu, which was only \$0.04 less than the December 1995 index price. If these prices persist during the delivery month, then once more the natural gas market will be deviating from the old patterns in which prices for June delivery were generally lower than for May and December.

Futures Prices: Futures prices for July deliveries rose as high as \$2.45 per MMBtu during the last week in May. The futures contract for July delivery closed at \$2.406 per MMBtu on Friday, May 31. This was significantly above the closing price of the July contract at the beginning of the year, when prices

for July delivery were \$1.77. These sharply different prices reflect the upward trend in natural gas prices that has occurred during the past 6 months.

Summary: Futures prices were very volatile during the week, rising from less than \$2.39 per MMBtu at the beginning of trading on Tuesday, May 28, to \$2.45 by early afternoon of the next day. At the beginning of trading on Thursday, prices dropped \$0.05 per MMBtu within an hour and ended the week at \$2.40. Prices remain volatile and over time remain high as uncertainty about the adequacy of storage levels remains an issue.

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See report and 3 graphs on InterNet at,<http://www.eia.gov/fuelnatgas.html>